

## EXTENSION OF AUTHORITY FOR INSURING LOANS UNDER THE CONSOLIDATED FARMERS HOME AD- MINISTRATION ACT OF 1961

SEPTEMBER 13, 1971.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

Mr. POAGE, from the Committee on Agriculture,  
submitted the following

### REPORT

[To accompany H.R. 10538]

The Committee on Agriculture to whom was referred the bill (H.R. 10538) to extend the authority for insuring loans under the Consolidated Farmers Home Administration Act of 1961, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE

The authority to insure loans under the Consolidated Farmers Home Administration Act of 1961 expires on October 1, 1971. This legislation would permanently extend this authority.

#### NEED FOR THE LEGISLATION

H.R. 10538, which was ordered reported unanimously by a voice vote in the presence of a quorum, is essential for the continuation of the insured loan authority for three vital programs of the Farmers Home Administration.

These programs are the Farm Ownership Loan program, the Water and Sewer Loan program, and the Association Loan program. Without the authority preserved by this legislation, all loans under these programs would have to come directly from the Treasury.

The insured loan authority has made it possible to make a much larger volume, both in amount and number, of loans than would have been possible under the direct loan approach. As a matter of fact, no direct loans are presently being made under these three programs.

## CURRENT AND FIVE SUBSEQUENT FISCAL YEAR COST ESTIMATE

Pursuant to Clause 7 of Rule XIII of the Rules of the House of Representatives, the committee estimates that there will be no cost incurred by the Federal Government during the current and the five subsequent fiscal years as a result of the enactment of this legislation.

The same cost estimate was submitted to the committee by the Department of Agriculture in an executive communication on similar legislation submitted to the House of Representatives.

## ADMINISTRATION POSITION

The Department of Agriculture submitted the following executive communication proposing similar legislation:

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
*Washington, D.C., March 4, 1971.*

HON. CARL ALBERT,  
*Speaker of the House of Representatives,*  
*Washington, D.C.*

DEAR MR. SPEAKER: Enclosed is a draft of a proposed bill to extend the authority for insuring loans under the Consolidated Farmers Home Administration Act of 1961.

The bill would amend section 308 of the act by changing from October 1, 1971, to October 1, 1975, the date for expiration of the loan insurance authority conferred by the act.

The present expiration date was added to the statute in 1968 by Public Law 90-488, which also removed the previous statutory ceiling on the total amount of loans that could be insured in any one year. We believe that a 4-year extension would be appropriate in the light of the continued high demand for the assistance provided by the insured loan programs administered by the Farmers Home Administration under the act.

This proposal to extend the expiration date of the act will not of itself affect the costs incurred in carrying out the programs authorized in the act.

Section 102(2)(C) of Public Law 91-190 does not apply to this legislation; therefore, an environmental statement is not attached.

The Office of Management and Budget advises that there is no objection to the presentation of this proposed legislation from the standpoint of the administration's program.

Sincerely,

T. K. COWDEN, *Assistant Secretary.*

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in

black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman) :

CONSOLIDATED FARMERS HOME ADMINISTRATION  
ACT OF 1961, AS AMENDED

\* \* \* \* \*

(Sec. 308) 7 U.S.C. 1928. Time limitation on insured loans; servicing and purchase of loans; computation of charges on principal unpaid balance of loan; full faith and credit of United States; incontestability. **Until October 1, 1971, loans** *Loans* under this subchapter may be insured by the Secretary whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary—

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe; and

(b) may retain out of payments by the borrower a charge at a rate specified in the insurance agreement applicable to the loan.

Any contract of insurance executed by the Secretary under this subchapter shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.

○

black brackets, new matter is printed in italic and existing law in which no change is proposed (shown in roman) :

# CONSOLIDATED MATTERS HOME ADMINISTRATION ACT OF 1901, AS AMENDED

(See also 5 U.S.C. 1055. This contains a list of insured loans; servicing and payment of loans; condition of loans; on principal unpaid; as to loans; full title; and credit of United States; incontestable; 21 and October 1, 1917, from 1901, and this subject may be inserted by the Secretary, without limit, and no loan as may be made by a loan, or other than the United States, in connection with insurance of loans, the Secretary—

(a) shall be made to make a loan, with respect to the service of loans insured hereunder, and to purchase such loans on such terms and conditions as may be prescribed; and  
(b) may retain out of payments by the borrower a share as a fund for the insurance interest applicable to the loan. Any contract of insurance entered into by the Secretary under this chapter shall be an obligation of the United States, and shall be a debt of the United States, and incontestable, except for fraud or misrepresentation of which the borrower has actual knowledge.